# **Accounting for Restricted Funds**

#### **Accounting for Federal Grants/Allocations**

All related accounts (revenue, expenditure, deferred revenue, accounts receivable, etc.) must contain both the Federal Project code (4XXX) and, if applicable, the Program code assigned by the DE.

- o For Federal grants that advance fund the program (i.e. Title V, Title VI, etc.):
  - If the district has expended its entire allocation:
    - No journal entries required
      - Project Code Expenditures = Project Code Revenues
  - If the district has not expended its entire allocation, the remaining (carryover) is considered deferred revenue:
    - Record the carryover as a deferred revenue:
      - Debit revenue account (Fund XX, Source 4XXX, Project 4XXX, Program XXX)
      - Credit deferred revenue account (Fund XX, Account 481, Project 4XXX, Program XXX)
        - Project Code Expenditures = Project Code Revenues
    - Record succeeding year recognition of revenue as funds are expended:
      - Debit deferred revenue (Fund XX, Account 481, Project 4XXX, Program XXX)
      - Credit revenue (Fund XX, Source 4XXX, Project 4XXX, Program XXX)
        - Project Code Expenditures = Project Code Revenues
- o For Federal grants that reimburse expenditures (Title I, SDFS, Iowa Demonstration Construction Grant, etc.):
- **Example A**. The district contributes no general program dollars to the program. The total Title I allocation is \$100,000. The district has expended \$100,000; received to-date \$85,000; and received the final \$15,000 payment prior to September 1 following the end of the fiscal year:
  - Record accounts receivable for \$15,000:
    - Debit accounts receivable (Fund 10, Account 141, Project 4501, Program 430)
    - Credit revenue account (Fund 10, Source 4501, Project 4501, Program 430)
      - Project Code Expenditures = Project Code Revenues
- **Example B.** The district expends an additional \$10,000 of general program dollars for the program. The total Title I allocation is \$100,000. The district has expended \$110,000 on the program; received to-date \$85,000; and received the final \$15,000 payment prior to September 1 following the end of the fiscal year:
  - Record accounts receivable for \$15,000:
    - Debit accounts receivable (Fund 10, Account 141, Project 4501, Program 430)
    - Credit revenue account (Fund 10, Source 4501, Project 4501, Program 430)
  - General journal entry to reclassify \$10,000 of expenditures to general program project code:
    - Credit Title I project expenditures (10-XXXX-1000-430-4501-121)
    - Debit general program project expenditures (10-XXXX-1000-430-0000-121) for \$10,000 (note: the expenditure account still includes the Title I Program Code of 430 but not the Title I Project Code)
      - Project Code Expenditures = Project Code Revenues
      - o Program Code Expenditures = Total spent on Program

- **Example C**. The district does not expend its entire allocation on the program. The total Title I allocation is \$100,000. The district has expended \$90,000 on the program and plans to carry the additional \$10,000 allocation to the following fiscal year. The district has received to-date \$85,000; and received the final \$5,000 payment prior to September 1 following the end of the fiscal year:
  - Record accounts receivable for \$5,000:
    - Debit accounts receivable (Fund 10, Account 141, Project 4501, Program 430)
    - Credit revenue account (Fund 10, Source 4501, Project 4501, Program 430)
      - Project Code Expenditures = Project Code Revenues
  - The \$10,000 carryover is a paper carryover and is not recorded on the books until the following year when received and expended.
- **Example D**. The project period extends over two or more fiscal years (i.e. Iowa Demonstration Construction Grant). The grant allocation is \$100,000. The district has expenditures of \$45,000 in the current fiscal year. The district applies for a reimbursement of \$45,000 but does not receive the funds until October of the following fiscal year (beyond the 60 day revenue recognition period):
  - Current fiscal year:
    - Record an accounts receivable and deferred revenue for \$45,000:
      - o Debit accounts receivable (Fund 36, Account 141, Project 4662, Program 000)
      - o Credit deferred revenue account (Fund 36, Account 481, Project 4662, Program 000)
        - Project Code Expenditures = Project Code Deferred Revenues (receivable not received)
  - Following fiscal year:
    - Record receipt of funds and revenue for \$45,000:
      - o Debit cash (Fund 36, Account 101, Project 0000, Program 000)
      - o Credit accounts receivable (Fund 36, Account 141, Project 4662, Program 000)
      - o Debit deferred revenue account (Fund 36, Account 481, Project 4662, Program 000)
      - o Credit revenue account (Fund 36, Source 4662, Project 4662, Program 000)
        - Project Code Expenditures = Project Code Revenues PY Project Code Deferred Revenues

#### **Accounting for State Grants/Allocations**

All related accounts (revenue, expenditure, accounts receivable, restricted fund balance, etc.) must contain both the State Project code (3XXX) and, if applicable, the Program code assigned by the DE.

Grant/Allocation expenditures cannot exceed the total of current year revenues plus prior year carryover.

- o If the district has expended its entire allocation:
  - No journal entries required
    - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
    - There will be no current year restricted fund balance
- o If the district has not expended its entire allocation, the remaining balance (carryover) is considered a Restricted Fund Balance:
  - Record the carryover as a restricted fund balance:
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program XXX)
    - Credit restricted fund balance (Fund XX. Account 729, Project 3XXX, Program XXX)
      - Expenditures < Revenues + Prior Year Restricted Fund Balance (if any)</li>
      - Carryover = Revenues + Prior Year Restricted Fund Balance Expenditures
- o If the district has expenditures in excess of the total of its current year allocation plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program XXX, Project XXXX, Object

XXX)

• Credit expenditures (Fund XX, Function XXXX, Program XXX, Project **3**XXX, Object

XXX)

- All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
  - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
  - There will be no current year restricted fund balance

## **Accounting for Local Grants/Allocations/Restricted Funds**

#### Accounting for Categorical Budgetary Allocations within the Foundation Formula -- Several

Restricted Funding sources are included on the Aid & Levy worksheet and are funded by a combination of Property Tax and State Aid that is part of the School Foundation Formula. These sources include, but are not limited to:

- Gifted and Talented Program (TAG) Project 1118, Program 47X
- Returning Dropout/Dropout Prevention Program Project 1119, Program 42X
- Limited English Proficient Program Weighted Funding (LEP) Project 1112, Program 41X
- At-Risk Program Weighted Funding Project 1116, Program 42X
- Home School Assistance Program (HSAP) Project 1113, Program XXX

#### Projects for Budgetary Allocations that are exclusively State Aid, such as

- Special Education weighting funding Projects 330X
- Early Intervention Project 3216
- Statewide Voluntary 4-year-old preschool Project 3117

## o Accounting for Gifted and Talented Program (TAG):

The TAG program includes both the 75% portion and the 25% local match.

- Account for all TAG transactions within the General Fund
- TAG allocations can be found on the DE's website under A to Z index / Gifted & Talented http://educateiowa.gov/index.php?option=com\_content&view=article&id=421&Itemid=2791
- Revenue from state aid/property tax does not need to be coded. For purposes of matching revenues to expenditures in the CAR Upload, revenues will be taken from the information posted on the website above. Revenues from sources other than property taxes and state aid, such as tuition, should be coded.
  - Use Source codes 192X or 642X for revenues from local donations
- Program code:
  - Use Program codes 47X for all related accounts
- Project code:
  - Use Project code 1118 except as noted below.
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding (e.g. Project 3204 for Teacher Salary Supplement, Program 47X)
  - Use 192X or a district-assigned Project code (8001-9999) for the portion of expenditures paid with local donations
  - Use Project code 0000 for the portion of expenditures paid with local district general purpose resources (expenditures that exceed all other funding sources)

TAG expenditures charged to Project 1118 cannot exceed the total of current year revenues plus prior year carryover (restricted fund balance).

- o If the district has expended its entire allocation:
  - No journal entries required
    - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
    - There will be no current year restricted fund balance

- o If the district has not expended its entire allocation the remaining balance (carryover) is considered a Restricted Fund Balance:
  - Record the carryover as a restricted fund balance:
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program 47X)
    - Credit restricted fund balance (Fund XX. Account **729**, Project **1118**, Program 47X)
      - Expenditures < Revenues + Prior Year Restricted Fund Balance (if any)
      - Carryover = Revenues + Prior Year Restricted Fund Balance Expenditures
- o If the district has expenditures in excess of the total of its current year allocation plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program 47X, Project XXXX, Object XXX)
    - Credit expenditures (Fund XX, Function XXXX, Program 47X, Project 1118, Object XXX)
    - All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
      - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
      - There will be no current year restricted fund balance

## o Accounting for Limited English Proficient (LEP/ESL/ELL) Program:

- Account for all LEP/ESL/ELL transactions within the General Fund
- The annual LEP/ESL/ELL allocation is calculated as follows: Aid & Levy Line 3.11 x Aid & Levy Line 2.3 = total revenues generated by the funding formula. In addition, districts may be granted additional budget authority from the SBRC.
- Revenue from state aid/property tax does not need to be coded. For purposes of matching revenues to expenditures in the CAR Upload, revenues will be taken from the information posted on the website at the end of this section. Revenues from sources other than property taxes and state aid, such as tuition, should be coded.
  - Use Source codes 192X or 642X for revenues from local donations
  - Other local district allocations, in excess of the foundation formula, do not require entries to revenue accounts
- Program code:
  - Use Program codes 41X for all related accounts
- Project code:
  - Use Project code 1112 except as noted below.
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding (e.g. Project 3204 for Teacher Salary Supplement, Program 41X)
  - Use 192X or a district-assigned Project code (8001-9999) for the portion of expenditures paid with local donations
  - Use Project code 0000 for the portion of expenditures paid with local district allocations (expenditures that exceed all other funding sources)

LEP/ESL/ELL expenditures charged to Project 1112 cannot exceed the total of current year revenues plus prior year carryover (restricted fund balance).

- o If the district has expended its entire allocation:
  - No journal entries required
  - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
  - There will be no current year restricted fund balance

- o If the district has not expended its entire allocation the remaining balance (carryover) is considered a Restricted Fund Balance:
  - Record the carryover as a restricted fund balance:
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program 41X)
    - Credit restricted fund balance (Fund XX. Account **729**, Project **1112**, Program 41X)
      - Expenditures < Revenues + Prior Year Restricted Fund Balance (if any)</li>
      - Carryover = Revenues + Prior Year Restricted Fund Balance Expenditures
- o If the district has expenditures in excess of the total of its current year allocation plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program 41X, Project XXXX, Object XXX)
    - Credit expenditures (Fund XX, Function XXXX, Program **41X**, Project **1112**, Object XXX)
    - All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
      - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
      - There will be no current year restricted fund balance

## o Accounting for the At-Risk Program funded by supplementary weighting formula:

- Account for all weighted At-Risk Program transactions within the General Fund
- The annual allocation for the at-risk program funded by supplementary weighting is calculated as follows: Aid & Levy Line 3.10 x Aid & Levy Line 2.3 = total revenues generated by the funding formula
- Revenue from state aid/property tax does not need to be coded. For purposes of matching revenues to expenditures in the CAR Upload, revenues will be taken from the information posted on the website at the end of this section. Revenues from sources other than property taxes and state aid, such as tuition, should be coded.
- Source codes for revenue accounts:
  - Use Source codes 192X or 642X for revenues from local donations
  - Other local district allocations, in excess of the foundation formula, do not require entries to revenue accounts
- Program code:
  - Use Program codes 42X for all related accounts
- Project code:
  - Use Project code 1116 except as noted below.
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding (e.g. Project 3204 for Teacher Salary Supplement, Program 42X)
  - Use 192X or a district-assigned Project code (8001-9999) for the portion of expenditures paid with local donations
  - Use Project code 0000 for the portion of expenditures paid with local district allocations (expenditures that exceed all other funding sources)

Weighted At-Risk expenditures charged to Project 1116 cannot exceed the total of current year revenues plus prior year carryover (restricted fund balance).

- o If the district has expended its entire allocation:
  - No journal entries required
    - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
    - There will be no current year restricted fund balance

- o If the district has not expended its entire allocation the remaining balance (carryover) is considered a Restricted Fund Balance:
  - Record the carryover as a restricted fund balance:
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program 42X)
    - Credit restricted fund balance (Fund XX. Account **729**, Project **1116**, Program 42X)
      - Expenditures < Revenues + Prior Year Restricted Fund Balance (if any)
      - Carryover = Revenues + Prior Year Restricted Fund Balance Expenditures
- o If the district has expenditures in excess of the total of its current year allocation plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program 42X, Project XXXX, Object XXX)
    - Credit expenditures (Fund XX, Function XXXX, Program **42X**, Project **1116**, Object XXX)
    - All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
      - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
      - There will be no current year restricted fund balance

# o Accounting for the Returning Dropout and Dropout Prevention Program includes both the 75% portion and the 25% local match:

- Account for all Returning Dropout/Dropout Prevention At-Risk Program transactions within the General Fund
- The annual allocation for the Dropout/Dropout Prevention program funded by SBRC approved Modified Allowable Growth is reported on the Aid & Levy Line 5.16. The total revenue is calculated as follows: Aid & Levy Line 5.16 divided by 0.75 (rounded to the next whole dollar). The modified allowable growth plus local match = total revenues generated by the funding formula.
  - Use Source codes 192Xor 642X for revenues from local donations
  - Other local district allocations, in excess of the foundation formula requirements, do not require entries to revenue accounts
  - Revenue from state aid/property tax does not need to be coded. For purposes of matching revenues to expenditures in the CAR Upload, revenues will be taken from the information posted on the website at the end of this section. Revenues from sources other than property taxes and state aid, such as tuition, should be coded.
- Program code:
  - Use Program codes 42Xfor all related accounts
- Project code:
  - Use Project code 1119 except as noted below.
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding (e.g. Project 3204 for Teacher Salary Supplement, Program 42X)
  - Use 192X or a district-assigned Project code (8001-9999) for the portion of expenditures paid with local donations
  - Use Project code 0000 for the portion of expenditures paid with local district allocations (expenditures that exceed all other funding sources)

Returning dropout and dropout prevention program expenditures charged to Project 1119 cannot exceed the total of current year revenues plus prior year carryover (restricted fund balance).

- o If the district has expended its entire revenue:
  - No journal entries required
    - Expenditures = Revenues + Prior Year Restricted Fund Balance (if any)
    - There will be no current year restricted fund balance

- o If the district has not expended its entire revenue the remaining balance (carryover) is considered a Restricted Fund Balance:
  - Record the carryover as a reserved fund balance:
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program 42X)
    - Credit reserved fund balance (Fund XX. Account **729**, Project **1119**, Program 42X)
      - Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)</li>
      - Carryover = Revenues + Prior Year Reserved Fund Balance Expenditures
- o If the district has expenditures in excess of the total of its current year revenue plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program 42X, Project XXXX, Object XXX)
    - Credit expenditures (Fund XX, Function XXXX, Program **42X**, Project **1119**, Object XXX)
    - All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
      - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
      - There will be no current year reserved fund balance

#### o Accounting for the Home-School Assistance Program (HSAP):

- Account for all Program transactions within the General Fund
- The annual revenue for HSAP may be calculated by taking the HSAP count from PEACE (Project Easier and Certified Enrollment) x .3 weighting x Aid and Levy Line 2.3. In addition, districts may be granted additional budget authority from the SBRC.
- Revenue from state aid/property tax does not need to be coded. For purposes of matching revenues to expenditures in the CAR Upload, revenues will be taken from the information posted on the website at the end of this section. Revenues from sources other than property taxes and state aid, such as tuition, should be coded.
- Source codes for revenue accounts:
  - Use Source codes 192X or 642X for revenues from local donations
  - Other local district allocations, in excess of the foundation formula requirements, do not require entries to revenue accounts
- Program code:
  - Use Program codes XXX for all related accounts
- Project code:
  - Use Project code 1113 except as noted below.
  - Use the state-assigned state or federal Project codes for the portion of expenditures paid with state or federal grants/categorical funding (e.g. Project 3204 for Teacher Salary Supplement, Program XXX)
  - Use 192X or a district-assigned Project code (8001-9999) for the portion of expenditures paid with local donations
  - Use Project code 0000 for the portion of expenditures paid with local district allocations (expenditures that exceed all other funding sources)

HSAP expenditures charged to Project 1113 cannot exceed the total of current year revenues plus prior year carryover (reserved fund balance).

- o If the district has expended its entire revenues and prior year carryover:
  - No journal entries required
    - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
    - There will be no current year reserved fund balance

- o If the district has not expended its entire revenues and prior year carryover, the remaining balance (carryover) is considered a Reserved Fund Balance:
  - Record the carryover as a reserved fund balance:
    - Debit fund balance (Fund XX, Account 759, Project XXXX, Program XXX)
    - Credit reserved fund balance (Fund XX. Account **729**, Project **1113**, Program XXX)
      - Expenditures < Revenues + Prior Year Reserved Fund Balance (if any)</li>
      - Carryover = Revenues + Prior Year Reserved Fund Balance Expenditures
- o If the district has expenditures in excess of the total of its current year revenues plus its prior year carryover:
  - Record the additional expenditures as funded by general program dollars:
    - Debit expenditures (Fund XX, Function XXXX, Program XXX, Project XXXX, Object XXX)
    - Credit expenditures (Fund XX, Function XXXX, Program **XXX**, Project **1113**, Object XXX)
    - All account dimensions of the debit expenditure account, with the exception of the project code, should be the same as the account dimensions in the credit expenditure account
      - Expenditures = Revenues + Prior Year Reserved Fund Balance (if any)
      - There will be no current year reserved fund balance
- Revenues or allocations for the Local Projects may be found on the DE's website at:
  A to Z index / Certified Annual Reports
  http://educateiowa.gov/index.php?option=com\_content&view=article&id=1621&Itemid=2970